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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

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TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. SSA/DDA 7D10 Hqs.				[redacted]
2.				Attached are four packages for your use in preparing further justification to the House committees regarding the interim
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ATTACHMENT**I. TOPIC**

An analysis of the Hay Associates "Study to Assist the Department of State in an Evaluation of the Compensation System of the United States Foreign Service." (U)

II. BACKGROUND

A. Hay Associates was contracted with to assess Foreign Service jobs as to content, comparability with other Federal positions, linkage with the General Schedule pay/grade classification system, and to propose a Foreign Service Grade System. (U)

B. It applied "Hay Job Evaluation Techniques" to determine the relative job content of selected Foreign Service positions, domestic and overseas, and the relationship of Foreign Service work and pay, both within the Department and to other external employers, including the U.S. Civil Service. By data collection and statistical analysis techniques, it determined that the historical linkage with the General Schedule pay/grade classification system was no longer appropriate and proposed a new linkage system and pay scale. (U)

C. Ultimately the Congress approved the study's concepts and a new Foreign Service Pay Scale which resulted in an average salary increase of 9.6 percent. (U)

D. In its study, Hay Associates acknowledged (page 27, Volume I) "...The impact of overseas service is necessarily and properly felt by the entire Foreign Service and for this reason it is most appropriately addressed by the grade/pay system. This concept will be developed in the Proposed Grade Structures section of this report." The consultants noted that the

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 DECLASSIFIED ON: July 2001
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content to context of overseas service (meaning the difficulty associated with maintaining a mobile service operating under stressful and less than secure circumstances) should be about 15 percent and made as "...an incremental addition to the Foreign Service grade/salary structure..." (U)

III. DISCUSSION

A. The Foreign Service Pay Scale (FS) resulted in the following sample linkage changes.

1. FSO-3 (now FS-1) jobs were found comparable with GS-15 rather than between GS-15 and GS-14 as was the historical linkage.

2. FSO-4 (now FS-2) were found similar to GS-14 rather than to GS-13 as was the historical linkage.

3. FSO-6 (now FS-4) were found comparable to GS-11 jobs rather than to GS-09 as was the historical linkage.

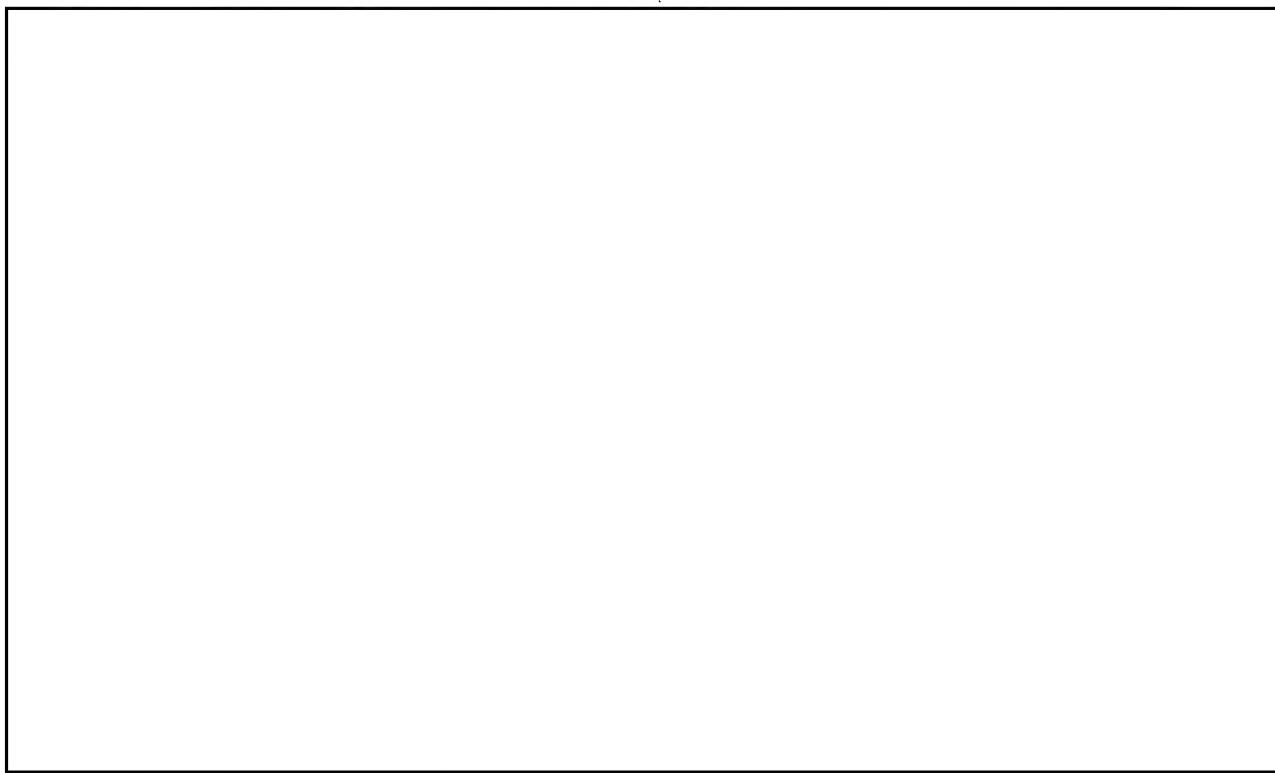
4. Similar linkage changes were made between FSS and lower graded GS grades. (U)

B. In using its "Hay Job Evaluation Techniques" points to establish points for the Civil Service job samples in the General Schedule to prove job difficulty, Hay relied upon prior studies (1976 Civil Service Commission study and the 1975 QRMC study). Points for the Foreign Service jobs upon which the linkage was based were determined during the State Department survey. As CIA jobs were not included in either study, the application of the "Hay

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IV. CONCLUSIONS

- A. The impact of overseas service finding by Hay Associates can

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